
**Technology, Energy &
Communications Committee**

HB 3044

Brief Description: Protecting Washington businesses and consumers from rising oil costs.

Sponsors: Representatives Conway, Chase, Hasegawa, Ormsby, Simpson, Dickerson, Morrell, Green, Sells, Appleton, Cody and Schual-Berke.

Brief Summary of Bill

- Expands the powers of the Utilities and Transportation Commission to facilitate the availability of information to consumers and businesses regarding the price and availability of petroleum.

Hearing Date: 2/2/06

Staff: Scott Richards (786-7156).

Background:

In recent months, a number of oil companies have reported record high profits. During the same time, consumers and businesses have been experiencing higher prices for a variety of petroleum-based products in the state.

Washington Utilities and Transportation Commission

The Washington Utilities and Transportation Commission (UTC) works to protect consumers by ensuring that utility and transportation services are fairly priced, available, reliable and safe. The UTC oversees privately-owned utilities that offer service to the public in Washington.

The UTC may regulate in the public interest, the rates, services, facilities, and practices of all persons engaging within this state in the business of supplying any utility service or commodity to the public for compensation; including, but not limited to, electrical companies, gas companies, irrigation companies, telecommunications companies, and water companies.

The most visible aspect of UTC economic regulation is reviewing changes in rates related to utilities, but economic regulation may also include:

- approving tariffs that set out rules and regulations for receiving service;
- prescribing accounting formats for regulated companies to use in keeping their books;
- reviewing annual reports;
- approving mergers and affiliated interest transactions;

- approving entry to some industries;
- supervising service quality; and
- resolving customer complaints.

Public Service Revolving Fund

Fees payable by public service companies shall be deposited to the credit of the Public Service Revolving Fund (Fund). Except for expenses payable out of the pipeline safety account, all operational expenses of the UTC are paid out of the Fund.

Summary of Bill:

Petroleum Consumers Bill of Rights Act

The Petroleum Consumers Bill of Rights Act (Act) expands the powers of the UTC to facilitate the availability of information to consumers and businesses regarding the price and availability of petroleum products. It is the intent of the Legislature to require oil companies to disclose certain materially significant information in order to protect consumers and businesses from rising costs.

Definitions

Petroleum products means gasoline, gasoline components, diesel, and residential heating oil.

Price means the net purchase price, after adjustment for commission, brokerage, rebate, discount, or any other adjustment. The value of petroleum products exchanged or transferred between oil companies or motor fuel delivered to a retail motor fuel outlet operated by the same oil company, its subsidiary, or its affiliate shall be considered the price.

Oil company means any person, firm, corporation, or entity engaged in the refining of crude oil into petroleum products within Washington or the exporting of bulk quantities of petroleum products refined in Washington outside the boundaries of the state. Also, oil company includes any person, firm, corporation, or entity that controls or is controlled by an oil company, and includes any subsidiary or affiliated corporation in which the oil company or its shareholders, officers, agents, or employees hold more than 25 percent of the voting shares.

Reporting Required by Oil Companies

Each oil company must file with the UTC schedules containing the following:

- prices established, enforced, or to be charged in each location of the state that are set and known to the oil company before a sale, transfer, or assignment of petroleum products to any persons within any class of trade;
- recent intrastate transactions or export shipments of bulk quantities of petroleum products;
- recent refining profit margins for each petroleum product refined in a refinery within the state of Washington; and
- any other information deemed necessary by the UTC.

Once the schedule has been filed with the UTC, an oil company must not charge, demand, collect or receive compensation for any product at a rate or price that differs from the schedule that is effective on the date of the transaction. An oil company may only change the price for petroleum products contained in the schedule after it has filed prior notice with the UTC, stating the changes to be made to the schedule currently in force. The UTC must provide oil companies with the ability to file notice at any time throughout the year.

Compliance and Penalties

Any oil company that violates or fails to comply with the Act, is subject to a civil penalty. For each violation or failure to comply, a penalty of not less than \$2,000 is issued. Each day upon which a violation occurs constitutes a separate violation.

Annual Statement of Gross Operating Revenue and Fee

By April 1 of each year, every oil company subject to regulation by the UTC, shall file a statement of oath showing its gross operating revenue from intrastate operations for the preceding year. Every oil company must pay a fee equal to 0.1 of 1 percent of the first \$50,000 of gross operating revenue plus 0.2 of 1 percent of any gross operating revenue in excess of \$50,000. Money collected shall be credited to the Public Service Revolving Fund.

Duties of the Utilities and Transportation Commission

In carrying out the goals of the Act, the UTC will:

- make rules necessary to carry out the purposes, powers, or duties assigned by this chapter;
- provide public access to petroleum pricing and supply information; and
- regulate, make rules, or enforce this chapter consistent with the powers and duties granted to the UTC and Attorney General for public service companies.

The UTC has not been granted powers to set or establish prices, rates, charges, or compensation of an oil company.

Role of the Attorney General

The Attorney General may bring an action in the name of the state against any oil company to restrain and prevent the doing of any act prohibited or declared unlawful. There are no limitations placed on the power of the state to punish any oil company for any conduct that constitutes a crime by statute or at common law.

Appropriation: None.

Fiscal Note: Requested on January 27, 2006.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.